



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

April 25, 2007

Bob Washnock
Lisbon Valley Mining Company
P. O. Box 248
La Sal, Utah 84530

Subject: Surety Revision, Lisbon Valley Mining Company, Lisbon Valley Copper Mine,
M0370088, Task 1705, San Juan County, Utah

Dear Mr. Washnock:

The Division of Oil, Gas and Mining has reviewed the spreadsheet and surety amount submitted February 12, 2007, and revised April 2, 2007. The Division approves the new surety amount of \$5,316,780.00 which is escalated to 2009 dollars. The Division will be glad to work with you to revise your reclamation contract and the surety. A copy of the spreadsheet used in making this calculation is enclosed, and the Division greatly appreciates your cooperation in calculating this amount.

On February 22, 2007, the Division received an amendment, dated February 19, 2007. This amendment contains some errors that need to be corrected before the Division issues its approval:

1. Section 3.1.6 of the amendment to the plan of operations says the dumps will have a total combined capacity of 90,000,000 tons, but adding the figures in the paragraph in the center of the page gives a value of 85,386,000 tons which is short of the 85,674,610-ton capacity needed. The amendment to the Division's NOI says there will be up to 96,000,000 tons of waste. Please resolve these discrepancies.
2. The Division's NOI says topsoil stockpiles will cover 36 acres, but the plan of operations (Section 2.4, p. 5) says they will cover 80 acres.

When these issues are resolved and the surety has been submitted, the Division will be prepared to issue final approval of the amendment with the condition and understanding that the surety only includes reclamation of one lift on the leach pads. Additional surety will need to be submitted when you start to add additional lifts.



Bob Washnock
Page 2 of 2
M0370088
April 25, 2007

If you have questions about this letter, please feel free to call me at 801-538-5258, Paul Baker at 801-538-5261, or Beth Ericksen, bonding coordinator, at 801-538-5318.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. White".

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb

Enclosure: Bond Calculation Spreadsheet

cc: Frank Bain, Moab BLM

Will Stokes, SITLA

Gregory Hahn, Lisbon Valley Mining, Lakewood, CO

P:\GROUPS\MINERALS\WP\M037-SanJuan\M0370088-LisbonValley-Summo\Final\app-bond-03282007.doc